

Securities Note

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1 Risk Factors

The Issuer considers the following factors liable to affect its ability to fulfil its obligations under the Bonds and/or to be material for the purpose of assessing the market risks associated with the Bonds. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

The Issuer considers the factors described below to represent the principal risks inherent in investing in the Bonds in question, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Bonds may occur or arise for other reasons than those the Issuer may currently be able to anticipate and there may be other factors which are material to the market risks associated with Bonds.

Issuer's accountability to make Payments

The Issuer is accountable to make payments on the Bonds when due. The obligations of the Issuer under the Bonds are direct, unsecured, unconditional and unsubordinated obligations, equally ranked without any preference amongst themselves and equal to its other direct, unsecured, unconditional and unsubordinated obligations.

The Issuer has not entered into any restrictive covenants in connection with the issuance of the Bonds regarding its ability to incur additional indebtedness ranking equally to the obligations under or in connection with the Bonds.

Change of Law

The Terms and Conditions of the Bonds are based on Icelandic law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to Icelandic law or administrative practice after the date of this Prospectus.

The Secondary Market

The Bonds may not have established a trading market when listed, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

Currency Risk

The Bonds are denominated in EUR and their value in ISK is therefore determined by the EUR/ISK exchange rate. An appreciation of the ISK against the EUR will therefore decrease the value of the Bonds in ISK but a depreciation of the ISK against the EUR will however increase the value of the Bonds in ISK.

The Bonds may not be a suitable Investment for all Investors

Each investor of the Bonds must determine the suitability of that investment in light of his own circumstances. In particular, each potential investor should:

1. have sufficient knowledge and experience to make a meaningful evaluation of the Bonds,

2. understand the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Prospectus. The potential investors should familiarize themselves thoroughly with this Prospectus.
3. have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;
4. have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;
5. understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

2 Notice to investors

This Securities Note concerns the listing of bonds issued by Atorka Group hf. and listed and admitted to trading on OMX ICE. The listing is conducted in accordance with Icelandic law and regulations, including Act No. 33/2003 Securities Transactions, Directive 2003/71/EC of European Parliament and of the Council 4 November 2003 (the "Prospectus Directive") which has been implemented by national law. This Securities Note is prepared pursuant to current legislation and rules for issuers of shares on OMX ICE that apply to the listing.

OMX ICE has scrutinized and approved this Securities Note, which is only published in English. This Securities Note forms a part of a Prospectus that consists of two independent documents; a Securities Note and a Registration Document, published on 19 June 2007.

The listing is expected to take place on 7 September 2007 which will then be the earliest date on which the bonds will be admitted to trading on OMX ICE. The date of listing, which may occur earlier or later, will be announced the same day through the OMX ICE news system:

<http://omxgroup.com/nordicexchange/Markadsfrettir/Fyrirtaekjatilkyningar/>

This Securities Note has been prepared by the Corporate Finance section of Landsbanki Íslands hf., in cooperation with the Board of Directors, senior management, and auditors of Atorka Group hf.

In the Securities Note, "Atorka", "the Group" and "the Company" refer to Atorka Group hf., "Landsbanki" and "the Bank" refer to Landsbanki Íslands hf. and "OMX ICE" refers to the OMX Nordic Exchange Iceland hf., unless otherwise indicated from the wording or context.

Atorka's shares are listed on OMX ICE with the ticker symbol ATOR. Atorka's bonds are also listed on the OMX ICE. Atorka therefore complies with OMX ICE rules regarding on-going information disclosure for equity and bond issuers. Investors are advised to follow the news announcements and notifications, which may be published in the OMX ICE News System concerning Atorka once the Securities Note has been issued.

The purchase of bonds is inherently a risk investment. Investors are advised to familiarize themselves thoroughly with this Securities Note. The information presented in here reflects its date of issue. Each investor must base a decision to invest in bonds issued by Atorka on his own examination and analysis of the information presented in the Securities Note. Investors are advised to study their legal position, including taxation issues that may be relevant to their transactions in Atorka's bonds. Investors are urged especially to acquaint themselves well with the discussion of risk provided in Chapter 1 of this Securities Note.

This Securities Note and any document forming a part of the Prospectus shall not be distributed and must not be mailed or otherwise distributed or sent in or into any country in which distribution would require any additional registration measures or other measures to be taken, other than as applicable under Icelandic law and regulations, or would be in conflict with any law or regulation in the respective country.

Attention is drawn to the fact that the Manager of the listing, Landsbanki Íslands hf. – Corporate Finance, is part of Landsbanki's Securities and Treasury Division. Landsbanki is one of Atorka's principal banks. At the time the Securities Note was issued, Landsbanki was the registered owner of 155,438,328 shares in Atorka Group., or the equivalent of 4.61% of its total share capital.

2.1 Documents on display

The following documents are available for viewing:

- The Registration Document published 19 June 2007.
- Atorka's interim financial report for the period 1 January – 30 June 2007.

- The Issuer's Articles of Association

Copies of the above documents can be obtained at the Issuer's head offices and on its website (www.atorka.is).

2.2 Documents incorporated by reference

The following document shall be deemed to be incorporated in and form part of this Securities Note:

- Atorka's interim financial report for the period 1 January – 30 June 2007.

Copies of the above document can be obtained at the Issuer's head offices and on its website (www.atorka.is).

3 Persons responsible

The Chairman of the Board of Directors and the CEO of Atorka Group hf., on behalf of the Issuer, named below, hereby declare that, having taken all reasonable care to ensure that such is the case, the information contained in the Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

Reykjavík, 7 September 2007,

On behalf of the Board of Directors of Atorka Group hf., Hlíðarsmári 1, Kópavogur, ID No. 600390-2289

Þorsteinn Vilhelmsson
Chairman of the Board

Magnús Jónsson,
CEO

4 Manager

The Manager, Landsbanki Íslands hf. – Corporate Finance, Hafnarstræti 5, Reykjavík, Iceland, had been the advisor to the Issuer in the preparation of this Securities Note and advisor to the admission of the Bonds to trading on the OMX Nordic Exchange Iceland hf. (OMX ICE).

5 Recent Developments

5.1 Half year financial report 2007

Key financial indicators for the Group:

- Atorka's consolidated loss before taxes for the first six months of the year totalled ISK 226 million.
- Loss for the second quarter totalled ISK 685 million.
- Earnings for the first six months of the year totalled ISK 39,1 billion.
- The Group's total assets for the first six months of the year were ISK 99 billion.
- Equity was ISK 9,6 billion at the end of June.
- The profit from selling Jarðboranir totalled about ISK 5 billion will appear in the Group's consolidated accounts in the third quarter.
- EBITDA for companies in the plastics sector, including Promens, was ISK 3,253 million during the first six months of the year.
- EBITDA for companies in the energy and construction sector, including Jarðboranir, was ISK 874 million for the first six months of the year.

Key financial indicators for the parent company:

- After-tax profit totalled ISK 6 billion for the first six months of the year, an increase of 24% over the same period in the prior year.
- After-tax profit totalled ISK 3 billion for the second quarter.
- Total assets at the end of June amounted to ISK 54,7 billion.
- Equity totalled ISK 21,5 billion at the end of June.
- Annualised return on equity was 70%.
- The equity ratio is 39%.
- Earnings per share the first six months of the year 1,91

5.2 Changes in organisational structure for Atorka's subsidiary Promens

In continuation of the recent acquisitions made by Atorka's subsidiary Promens hf. the Board of Directors of Promens hf. has approved a new organisation structure for the company which was effective as of 1 July 2007. The main objectives of the organisational changes are to integrate all the underlying businesses, increase efficiency and establish a strong base for further growth and development of the company.

The main change in the organisational structure concerns the Polimoon Group, which since being acquired in December 2006 has been run as an independent company within Promens hf., but will now be operated as an integrated part of the Promens Group.

The Board of Directors of Promens hf. and Arne Vraalsen, President and CEO of Polimoon, have reached an agreement according to which he will leave his current position as a CEO of Polimoon as of 30 June, although he will continue to work for Promens hf. as a consultant until the end of 2007.

According to the new organisational structure Promens hf. will be divided into three business units, being Packaging, Rotational Moulding and Components. Special emphasis will be put on Procurement and Productivity & Quality which will be run as support units within the Group. Promens hf's head office will continue to be in Iceland, but a corporate service centre will be established in Oslo, Norway, responsible for financial management, IT, procurement and productivity & quality.

5.3 Sale of Atorka's subsidiary Jarðboranir hf.

Atorka has concluded the sale of its entire holding in Jarðboranir hf., through its company Renewable Energy Resources, together with a 16% share in Enex, to Geysir Green Energy. Simultaneous with the sale, Atorka has purchased a 32% stake in Geysir Green Energy and will therefore be a primary investor in the company. The enterprise value of the sale is EUR 211 million or ISK 17,7 billion, and Atorka's total realised gain since the beginning of its investment amounts to more EUR 130 million or ISK 11 billion before taxes. The effect on the parent company accounts in the second quarter is upwards of EUR 48 million or upwards of ISK 4 billion. The effect on the consolidated accounts in the third quarters EUR 59 million or ISK 5 billion. The total purchase price of Atorka's stake in Geysir Green Energy is just over ISK 7 billion.

5.4 Other events

- Promens acquired Dekoplast in France which produces packaging for cosmetics and medical use.
- Holding in Amiad increased to 20%. Amiad Filtration Systems is one of the world's most significant producers of water filtration solutions. Through strategic acquisitions, international expansions and substantial research and development investments, Amiad continues to strengthen its technology and market base.
- Three companies in the healthcare sector sold, Icepharma, Parlogis and IIsanta

6 Information concerning the Securities to be admitted to Trading

The board of Atorka., Hlíðarsmári 2, 201 Kópavogur, ID No. 600390-2289, authorised a bond issue for EUR 22,000,000 on a board meeting held 1 February 2007. Atorka has at the date of this Securities Note issued bonds amounting to EUR 22,000,000 under ATOR 07 1.

The Bonds are issued electronically at the Icelandic Securities Depository (ISD) and are registered there under the name of the relevant bondholder or his/her nominee. The Bonds will be listed on OMX ICE under the ticker Symbol ATOR 07 1. Amounts payable under the bonds will be paid to the financial institution where the registered owner has his/her custody account.

The Issuer is accountable to make payments on the Bonds when due. The obligations of the Issuer under the Bonds are direct, unsecured, unconditional and unsubordinated obligations, equally ranked without any preference amongst themselves and equally with its other direct, unsecured, unconditional and unsubordinated obligations.

The Bonds are interest bearing one payment of principal at the date of maturity. The bonds are all in the same class and equally ranked. There are no restrictions on transferring the Bonds to other parties other than that the Bonds must be transferred to parties mentioned by name. The Issuer has not entered into any restrictive covenants in connection with the issuance of the Bonds regarding its ability to incur additional indebtedness ranking equally to the obligations under or in connection with the Bonds.

In the event of default of payment of the principal or interest on any bond, it is permitted to declare the bond immediately due and payable, whereupon it shall become immediately due and payable at its outstanding principal amount together with accrued interest. If default occurs the Issuer shall furthermore pay default interest at the rate determined by the Central Bank of Iceland, according to article 6 of Act no. 38/2001.

Issue date:	7 February 2007
Date of maturity:	7 August 2008
Size limit according to agreement::	EUR 22,000,000
Issued:	EUR 22,000,000
Denomination:	EUR 100,000
Currency:	EUR
Interest rates	The interest rate on the Bonds will be the sum of 3-month EURIBOR and 290 basis points. EURIBOR refers to the interest rate in the interbank market in EUR. The interest rate for the first interest period is 6.69% (the sum of 3-month EURIBOR on 7 February and 290 basis points). The bonds were sold at par. The interest rate is determined at the beginning of each interest rate period.
Interest payment dates:	The interest becomes payable from 7 February 2007 and will be paid six times, 7 May 2007, 7 August 2007, 7 November 2007, 7 February 2008, 7 May 2008 and 7 August 2008.
Day count fraction:	Interest shall be calculated on the basis of the rule Act/360.

ISIN:	IS0000014314
Depository Agent:	Icelandic Securities Depository, Laugavegi 182, 105 Reykjavík.
Paying Agent:	Landsbanki Íslands hf., Austurstræti 11, 155 Reykjavík.

Legislation

The governing law is Icelandic law. Any dispute shall be subject to the exclusive jurisdiction of the District Court of Reykjavík. Legal action regarding the bonds may be proceeded with in accordance with Chapter 17 of the Act on Civil Procedure No. 91/1991.

According to Act 14/1905 the bonds will become void unless presented for payment within 10 years (in the case of principal) and four years (in the case of interest or any other amount) after the Relevant Date

The Bonds are registered electronically and are therefore subject to the Act No. 131/1997 on Electronic Registration of Title to Securities .

Taxation

All payments in respect of the Bonds, by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any tax jurisdiction unless such withholding or deduction is required by law according to Act no. 94/1996. In such event, the Issuer will not pay any additional amounts in respect of amounts withheld pursuant to such withholding or deduction.

Admission to trading

The bonds will be listed on the OMX Nordic Exchange Iceland hf. (OMX ICE). Application has been made for the Bonds to be admitted to trading on the regulated market of OMX ICE, which is an EU regulated market within the meaning of Directive 2004/39/EC.

The bonds are expected to be admitted to trading on OMX ICE on 7 September 2007.

Expenses of the admission to trading

The total cost of the admission to trading is estimated at ISK 7,500 million.